

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

IN RE:	:	CHAPTER SEVEN
	:	
APARTMENTS AND ACQUISITIONS, L.P.,	:	BANKRUPTCY NO.: 4-15-bk-03964-JJT
	:	
DEBTOR	:	
	:	
WILLIAM G. SCHWAB, ESQ., Trustee for the	:	{ Nature of Proceeding: Defendants'
Estate of Apartments and Acquisitions, L.P.,	:	Motion to Compel Responses to Discovery
	:	(Doc. #61)}
PLAINTIFF	:	
	:	
vs.	:	
	:	
GEORGE ATIYEH,	:	
HOUSEFLEX, LLC,	:	
JAMILIE, LLC,	:	
	:	
DEFENDANTS	:	ADVERSARY NO.: 4-17-ap-00006-JJT

OPINION

The above-named Defendants have moved to compel discovery against the Plaintiff, the Chapter 7 Trustee, William G. Schwab.

The essence of the underlying Complaint alleges that the Defendants, together with the Debtor(s), operated as a single entity so that their assets, and presumably all of their debts, should be consolidated under this bankruptcy. Counts were also added regarding estate assets that were allegedly in possession of Mr. Atiyeh.

In moving to compel certain discovery, the Defendants acknowledge that issues of solvency and capitalization of both Debtor(s) and Defendant corporations are pivotal. In this regard, they ask the Trustee to respond to questions of estate administration dealing with liquidation of estate assets and the expenses associated with that liquidation. What has not been

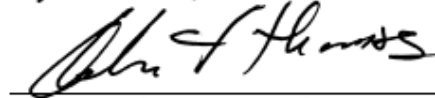
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explained to me in Defendants' Motion, at hearing or briefing, is how the expense of estate administration is a factor in determining prepetition solvency and/or capitalization.

The essential element in order to seek discovery is relevance. Federal Rule of Civil Procedure 26(b)(1), made applicable to bankruptcy adversaries by Federal Rule of Bankruptcy Procedure 7026. With one exception, I do not see the relevance of Defendants' identified interrogatories or requests for production relative to the issue dealing with the prepetition status of the Debtor and the Defendants. The only exception would pertain to Request for Production 14 where the Defendants request a copy, if any, of a draft of the 2015 Apartments and Acquisition tax return, which may have some relevance to the economic position of the Debtor on the date of filing. In all other regards, Defendants' Motion is denied.

My Order will follow.

By the Court,



John J. Thomas, Bankruptcy Judge (CMP)

Date: October 11, 2018